



My Next Steps: Building a Transition Fund



Question

Why should we have a transition fund as we prepare for my service member's transition from the military, and where can I get help creating one?



Answer

Money issues are rated as the number one stressor by many Americans. Transitioning from military to civilian life may include some expected, and unexpected, costs and expenses. Add to that the stress of moving and starting a new job and your family may be in the middle of some of the most stressful life events! To avoid some of that stress, make sure your family can cover living and moving expenses while making the transition from military to civilian life. Building a transition fund can help.

A transition fund consists of money that is set aside and is then available for use if and when financial unknowns arise during transition. A transition fund can help cover your living expenses and bridge the financial gap between leaving military service and beginning a civilian job. Because service members do not qualify for Dislocation Allowance during their final move, a transition fund can help with moving or relocation costs. If your family is expecting retirement or disability pay, it may take some time before those funds begin paying into your family's account. A transition fund can provide financial coverage while your family waits to receive benefits.

To begin building your family's transition fund, seek help from a financial professional. You can make an appointment to meet with a personal financial counselor or a personal financial manager at your installation's Military and Family Support Center, or you can connect with a trained professional through Military OneSource. These professionals can work with you one-on-one to help

you understand your family's overall financial situation, determine moving-related expenses, set a transition fund goal and create a plan to achieve your goal.

If a transition fund seems like an unrealistic goal for your family, due to existing debt or a short amount of time before

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transition, a counselor can help you find other ways to cut your expenses as your family transitions from the military. Financial counseling on your installation is available to your family while your service member is on active duty; however, you can continue to use Military OneSource financial counseling for a limited time after service ends.

Transition from the military can be a stressful time. A transition fund can help cover your moving expenses, bridge the gap between your service member's last military paycheck and the start of his or her civilian employment and cover expenses while your family waits for retirement pay, separation pay or disability benefits to start. Be sure you're ready by using the tools and resources available to build a transition fund.

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Resources at a Glance

- [Locate](#) a personal financial counselor or personal financial manager
- [Military OneSource](#)



Steps to Consider

These “Steps to Consider” are not meant as a checklist. Use the suggestions to facilitate a discussion with your service member.

- Talk with your service member about the benefits of building a transition fund, such as covering moving expenses and living expenses.
- Discuss possible timelines for when your service member leaves the military and begins civilian employment, and determine the amount of money you may need to cover your living expenses during that time.
- Calculate your expected moving-related expenses. These may include cleaning fees, rental deposits on a new home, and replacement costs for food and other perishable items that are difficult to relocate. Remember, Dislocation Allowance, referred to as DLA, is not given to service members for the final move.
- Talk with your service member about the benefits of meeting with a financial counselor. To learn more about the services provided by an installation PFM or PFC, review the MySTeP video, “Personal Financial Counseling to Prepare for Transition from the Military.”
- Make an appointment to meet with a PFM or PFC at the closest military [installation](#).
- If you are not located near an installation or prefer to meet with a counselor over the phone or online, call [Military OneSource](#) at 800-342-9647.



Resources

Installation Resources

Locate a personal financial counselor or personal financial manager on the closest military installation:

<https://installations.militaryonesource.mil/>

- In the dropdown menu, choose “I’m looking for a program or service.” Then, type in “Personal Financial Management Services” in the “I’m choosing from” text field. Next, you’ll be asked to filter by installation or zip code. After making your selection, select the “Search” button.

Department of Defense Resources

- Military OneSource: <http://www.militaryonesource.mil/>; Call 800-342-9647 to arrange for a time to meet with a financial counselor
- Review the Financial and Legal section to learn about the services offered: <http://www.militaryonesource.mil/web/mos/financial-legal>



Notes

Related MySTeP Topics

Financial Planning For Transition

- Personal Financial Counseling to Prepare for Transition from the Military
- Preparing for Financial Success after Transition from the Military

Retirement Separation and Planning

- Relocation Considerations for Families Transitioning from the Military